

13

Secret

*CIA Internal Use Only
Access Controlled by DDS*



CIA HISTORICAL STAFF

The Support Services Historical Series

SUPPLY DIVISION
1951 THROUGH 1970

Secret

OL-15

September 1972

Copy 1 of 4

W A R N I N G

This document contains information affecting the national defense of the United States, within the meaning of Title 18, sections 793 and 794, of the US Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law.

Exempt from general
declassification schedule of E.O. 11652
exemption category 5B(1), (2), (3), (4)
classified by signer
declassified only on approval of
the Director of Central Intelligence

WARNING NOTICE
SENSITIVE INTELLIGENCE SOURCES
AND METHODS INVOLVED

~~SECRET~~

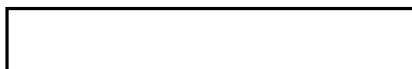
*CIA Internal Use Only
Access Controlled by DDS*

THE SUPPORT SERVICES HISTORICAL SERIES

OL-15

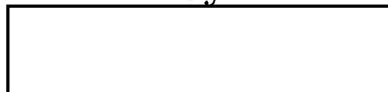
SUPPLY DIVISION
1951 THROUGH 1970

by



Revised and Updated

by



September 1972



John F. Blake
Director of Logistics

HISTORICAL STAFF
CENTRAL INTELLIGENCE AGENCY

~~SECRET~~

This history is based in large part on the personal reminiscences of [] Chief, Supply Division, April 1970 - March 1971 and a career supply officer since 1952. If the report sometimes appears to be too laudatory of the Division's efforts, perhaps it is attributable to the generally high morale that frequently saw Division personnel - [] [] in Headquarters assignments -- overcome unrealistic deadlines, apparent shortages of supplies, and continuing shortages of personnel to achieve the basic goals of the Logistics effort.

25X1A

25X1A

SECRET

	<u>Page</u>
Foreword	iii
I. Introduction.	1
II. 1951 Through 1955.	7
25X1 Origin of Supply Division	7
Consolidation of Physical Storage Facilities at [REDACTED]	9
Consolidation of Administrative Functions	19
[REDACTED]	
Introduction of Federal Item Identification Numbering System.	27
Conversion of Record Keeping System to Electric Accounting Machines	29
Introduction of Financial Property Accounting	31
Development of Agency Catalog System	35
Operations of the Building Supply Branch.	39
[REDACTED]	
III. 1956 Through 1960.	42
Establishment of Supply Management Branch.	42
Management Staff Study for Computer Application.	45
Initiation of the Property Type II System for Field Installations	47

25X1A

25X1A

SECRET

SECRET

Page



25X1A

IV. 1961 Through 1965	66
Introduction of the Computer System	66
Introduction of Self-Service Supply Rooms	70
Establishment of New Criteria for Property Expendability (\$50)	72
Transfer of Inter-Departmental Requisitioning Section from Procurement Division to Supply Division	74
Transfer of Freight Traffic Branch to Supply Division	75
Transfer of Central Control and Distribution Branch	79
Development and Introduction of the Type III Property System for Field Installations	82
V. 1966 Through 1970	85



25X1A

Establishment of Special Projects Unit at [Redacted]	89
Supply System Review for Conversion to New Computer Setup	93

SECRET

SECRET

	<u>Page</u>
Establishment of New Criteria for Expendability (\$200).	95
VI. Support for Special Programs and a Note on Personnel .	97



25X1A

Note on Personnel	110
-----------------------------	-----

Figures

1. <u>Supply Division; Organization Chart, June 1951</u>	2
2. <u>Supply Division; Organization Chart, December 1970</u> . .	92

Appendixes

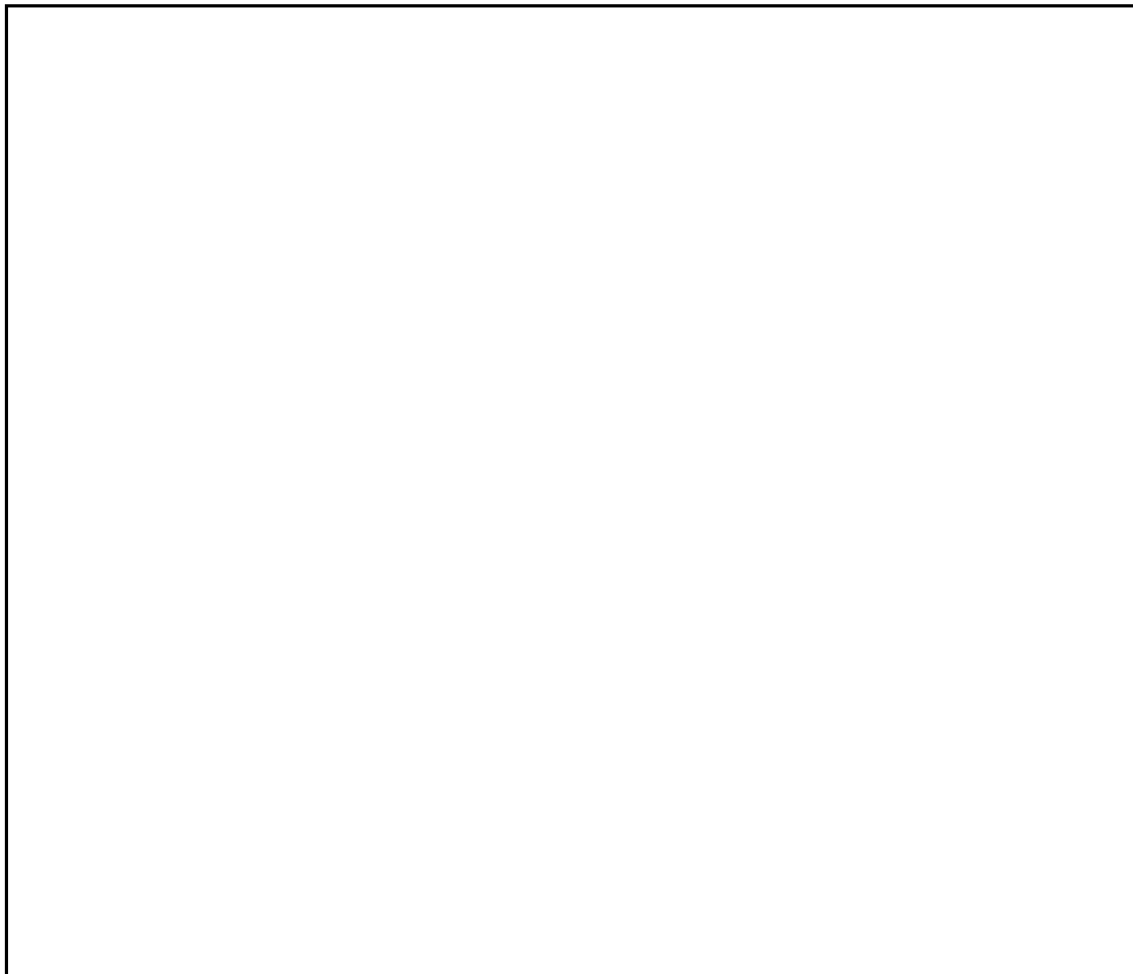
A. Chronology	113
B. Supply Division Chiefs	117
C. Supply Division Personnel Ceilings	118
D. Value of Inventories - Totals	120
E. Line Items Requisitioned.	121
F. Number of Shipments.	122

SECRET

SECRET

	<u>Page</u>
G. Tonnage Shipped	123
H. Explanation of Federal Item Identification Numbering System	124
I. Commendations Received by Special Projects Unit, [Redacted]	129
J. Source References	132

Illustrations



SECRET

25X1A

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

Next 2 Page(s) In Document Exempt

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

SECRET

SUPPLY DIVISION

1951 THROUGH 1970

I. Introduction

The Supply Division was established in April 1951 as a component within the Office of Procurement and Supply under the Deputy Director of Administration, presently (1971) identified as the Deputy Director for Support.* With the establishment of this Division, the supply functions that were being performed in many different components of the organization -- and in each of the Directorates -- were consolidated in a stable structure under a single office head.

From its origin, the Supply Division grew in size and in relative importance in the Office of Logistics structure. It is probably best known as that element within the Office of Logistics that is most directly involved with materiel support of Agency operations,

* See Figure 1, Supply Division, Organization Chart, 1951, p.2.

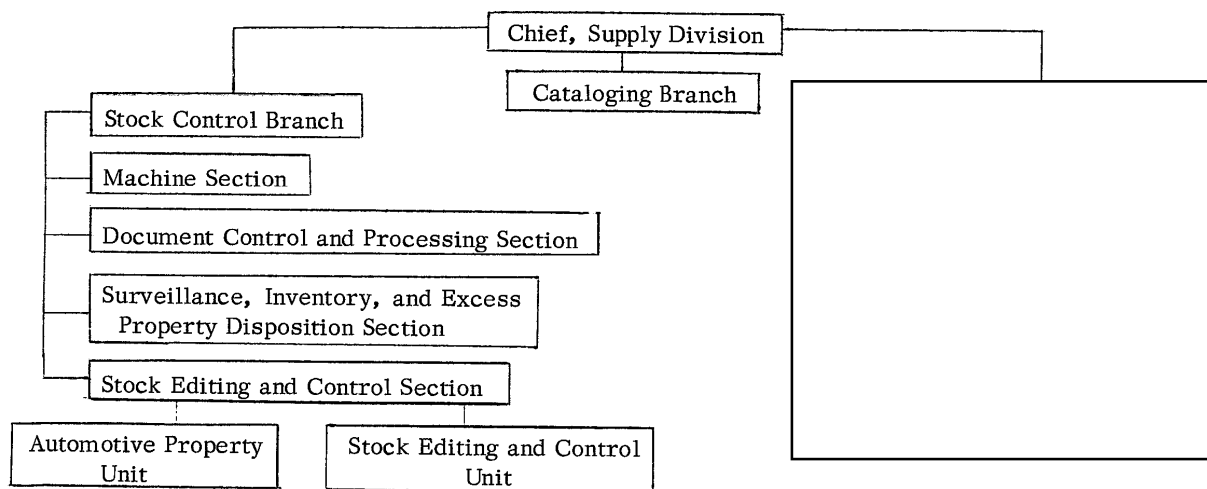
SECRET

FIGURE 1

Organizational Chart - Procurement and Supply Office, Supply Division

June 1952

25X1A



SECRET

SECRET

X1A

[REDACTED] As will be noted throughout this history, many changes have taken place within the structure and mission of the Supply Division with the objective of providing the most effective and efficient support to the customers.*

Prior to the establishment of the Supply Division, the Agency's system was a melange of several unrelated, ineffective, and hard-to-manage operations. Following careful review and study under the direction of the Director of Logistics and the Chief of the Supply Division, there was established a vastly improved, uniform system tailored largely after the procedures and systems used throughout the Department of Defense (DOD).

While acknowledging the debt owed DOD, it should be recognized that in many respects the Agency's supply system is unique among Government agencies. Chief

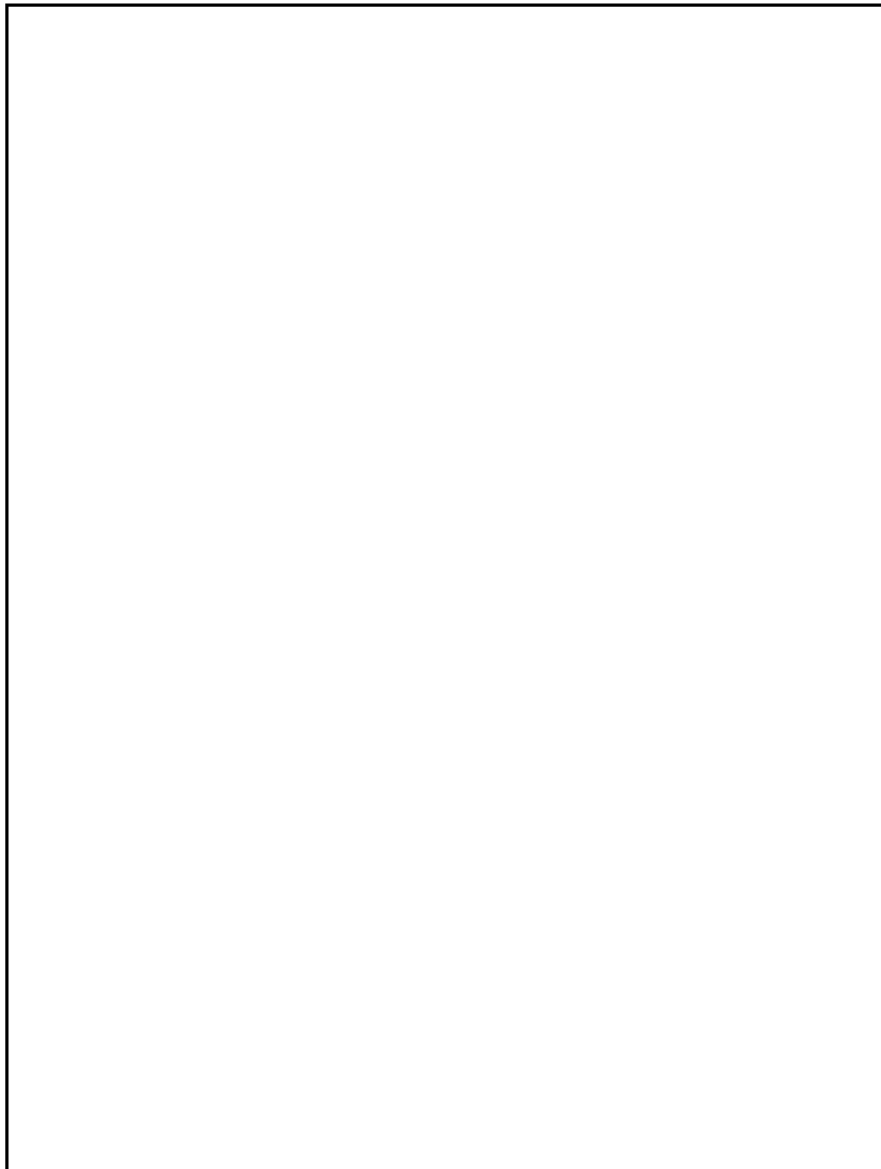
[REDACTED]

25X10

* See Appendix A, Chronology.

SECRET

SECRET



25X10

The supply system grew from a mixture of manual-system techniques to a punch-card system, which was

* See Chapter II.

SECRET

initiated late in 1952 and completed in 1953. That situation prevailed until approximately 1959, when the first computer operations were brought into play. The computer system initially established was an improvement over the punch-card system, but it was not truly an efficient computer operation -- it might best be identified as a conversion of mechanical techniques from the punch-card operation to the use of computer equipment. The faults found in this 1959 system resulted from the failure to study the system in depth, particularly to provide for a proper feasibility study with appropriate functional reviews.

Although the new system was an improvement, it did not satisfactorily meet the total requirements; but, with some minor modifications, the system remains in operation to date. A new supply system as part of the entire logistics system is presently (1971) the objective of a task force composed of representatives of the Office of the Deputy Director for Support (DDS) and the Office of Computer Services (OCS).

The requirements for the new system have been coordinated in all facets with the Office of Logistics and with Supply Division. The target now set for the implementation of the new system is 1 July 1972. This new system should bring to bear on the present Supply operations all of the benefits and capabilities of third-generation computers. It is hoped that the new system will eliminate many of the present manual operations and will give better, faster, and more accurate service to the Agency's operational activities.

SECRET

II. 1951 Through 1955

Origin of Supply Division

Before April 1951 the functions of supply were carried on by individual components located in the individual Directorates and in the Office of General Services. The physical depot operations were being performed in different locations in the metropolitan area; the administrative and management supply functions were being performed in some instances within these warehouse complexes, and in other instances in the offices of the administrative directorates.

25X1A

25X1A

In April 1951 the decision was made to consolidate all the supply functions as a single component -- Supply Division -- in the Office of Procurement and Supply and under the Deputy Director of Administration. With the establishment of this Division, the various functions performed in all of the decentralized locations and in other components of the organization were brought together under the

SECRET

SECRET

administration of one office. Since the origin of Supply Division its mission has not materially changed. 1/* The current (1971) mission is as follows:

- (1) To provide materiel support to Agency operations worldwide.
- (2) To formulate and administer policy for the operation of the Agency supply system worldwide.
- (3) To train personnel for supply operations and to provide trained personnel required for supply and general logistics activities worldwide.

Similarly, the functions of Supply Division have been essentially unchanged for many years:

- (1) To forecast materiel requirements to the maximum extent possible by the use of issue experience, operations and plans programs, and other plans and bases available. This Division must take action on materiel moving into the Agency logistics system in quantities and at the time as justified by available information and planning data.
- (2) To fill from resources (depot stocks), from procurement through commercial sources, or from other Government agencies the requirements for materiel requisitioned by operating components.

25X1A



* For serially numbered source references, see Appendix J.

SECRET

SECRET

(5) To provide technical guidance and assistance to Agency components as required in establishing and operating Agency supply functions.

(6) To establish and maintain routine operating liaison with other Federal agencies, with the District of Columbia, and with adjacent Government officials on matters pertaining to materiel acquisition, transportation of materiel, and vehicle registration and documentation.

(7) To establish and maintain liaison with commercial firms in matters such as booking and shipment of materiel; packing and packaging techniques; and warehousing procedures, systems, and equipment.

(8) To effect maximum utilization of excess property available from other Government agencies -- that is, from General Services Administration (GSA) or from the Department of Defense (DOD) excess channels.

(9) To maintain a constant review of materiel assets to determine those items which may be excess to organization needs and to coordinate these reviews with Agency technical components and potential users. To make determinations as to the disposition transfer of materiel and to dispose of any unserviceable materiel within the above assets.

(10) To monitor the Agency motor vehicle program, maintain a Consolidated Table of Vehicular Allowances (CTVA) for all Agency components, and to maintain the Central Agency Vehicle Records.

Consolidation of Physical Storage Facilities at

25X1A

In May 1952 a survey of the Supply Division warehouse facilities in the Washington metropolitan area was initiated. The findings of this survey, relative to security problems and efficiencies in operations,

SECRET

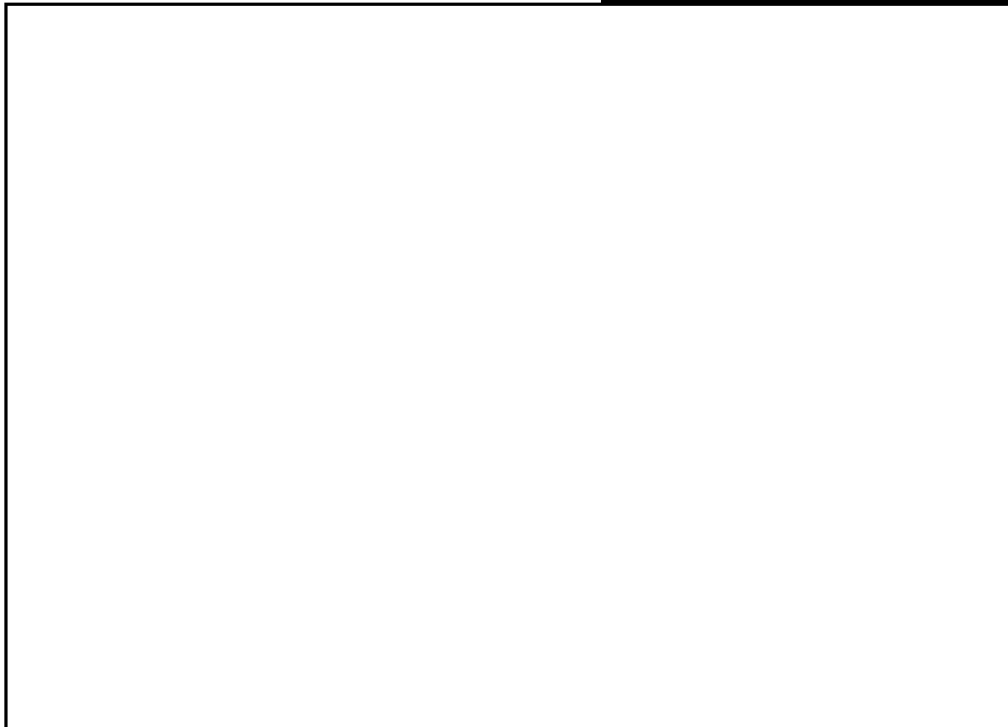
SECRET

justified the recommendations that a single depot was required.

In May 1953, accordingly, the Director of Logistics, James A.

Garrison, approved the acquisition of the

25X1



25X1A

consolidation of the stocks and the physical operations was an improvement over the previous arrangement. The receipt, storage, issue, packing, crating, inspection, surveillance, and shipment of Agency materiel in the Washington area was now consolidated under one roof. With this new alignment, the need for the other warehouse activities no longer existed, and the other properties were



X1

SECRET

Next 8 Page(s) In Document Exempt

SECRET

disposed of in the natural course of events.

Consolidation of Administrative Functions

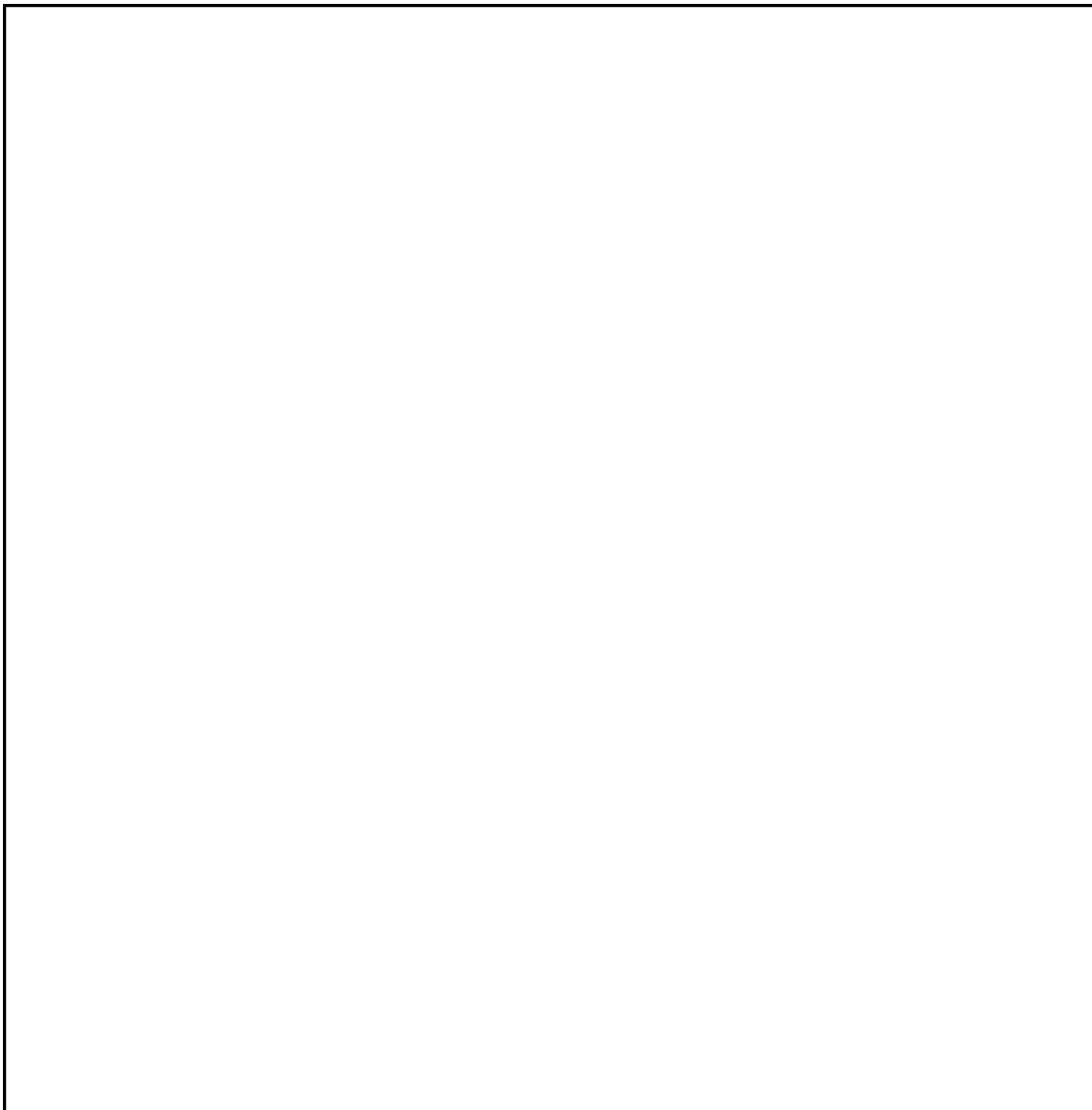
With the consolidation of the physical operations of Supply Division completed, the next task was to consolidate the administrative and management functions of Supply Division. These functions (previously located in various buildings, the warehouses themselves, and -- in some instances -- in the operating components of other Directorates administering the fractured supply system) were brought together under the Chief of Supply Division and as a component of the Office of Procurement and Supply. These consolidated administrative and management functions were relocated in the "Quarters Eye" building located along Ohio Drive between the Potomac River and the Tidal Basin in Washington, D. C. It was soon evident to all concerned that the centralization of the Supply Division administrative and management function in one location meant that meeting the materiel support requirements for operating components could be achieved with greater efficiency.

Before mid-summer of 1952 the mission of Supply Division was primarily that of supporting Headquarters activities; there was little responsibility for overseas support except to give packing,

SECRET

SECRET

crating, and shipping assistance to the Office of Communications for its overseas requirements. By July 1952 the Division was assigned responsibilities for providing materiel support to Agency activities all over the world, using all available methods and modes of transportation. It was decided in the summer of 1952 that Supply Division could do a better job and further improve its operational



25X1A

SECRET

25X1A

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

Next 5 Page(s) In Document Exempt

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

Depot. These commodities were primarily administrative, house-keeping, janitorial, and maintenance items and some spare parts for appliances and vehicles and some construction items. This



25X1

Introduction of Federal Item Identification Numbering System

As stated earlier, the hodge-podge of identification systems presented many problems; and before any effort would be made to

* For example, the number of shipments increased from in 1964 to in 1970. Statistics prior to 1964 are not available.

25X

mechanize the manual system it was necessary to determine what system should be used for item identification and item numbering. The system initiated by the DOD -- and subsequently adopted by the other agencies, including the civilian agencies -- was identified as the Federal Item Identification Numbering (FIIN) System. This system established a uniform numbering system with a uniform description pattern for all items of personal property used by the Government agencies. In the early summer of 1952 the decision was made by the Chief of Supply Division to adopt the FIIN System. The details of the FIIN System are contained in Appendix H, Agency Supply Catalog, and clearly illustrate the mechanics of the system and the benefits to be derived from this type of a numbering and identification technique.

In order to convert all existing records in the manual system (which had used multiple numbering techniques), it was necessary to corral all available personnel who could be used for this catalog conversion. The people selected were given concentrated on-the-job training, and then they proceeded to change the existing stock number techniques to the new system. Considerable time, including overtime, was put into this task to meet the target date of

1 October 1952 for the complete conversion to the new numbering system. It was discovered in the process that there were many Agency items that were nonstandard in either the military establishment or other Government agencies, and the Agency therefore devised its own technique for assigning interim numbers within the pattern of the FIIN System. The techniques established in the beginning continue to this date (1971). The target date of 1 October 1952 was met, and all manual records were converted to the FIIN System.*

Conversion of Record Keeping System to Electric Accounting Machines

The next step in the development of the supply system was to convert the many manual records maintained throughout Supply Division into an organized system utilizing the punch-card technique and the Electric Accounting Machines (EAM). After the FIIN System was established, this facilitated considerably the conversion from the manual records to the EAM punch-card system. In October 1952 basic procedures were written for the processing and recording of all personal property actions involving the supply activities to be

* For details of cataloging "Agency Peculiar" items, see Appendix H.

SECRET

recorded with the punch-card system. The basic procedures adopted were modeled very much after the system for supply operations used in the Department of Army activities with some minor modifications to meet the Agency's unique requirements. The most



25X1A

After completing the procedures to be adopted, the next course of action was to convert to punch cards the information contained on the manual cards. The Office of General Services provided the machines and personnel for the EAM System, and Supply Division provided the day-to-day activity documents, properly coded, for recording by the Machines Records Division. The conversion was scheduled to be done in phases, by categories of property reflected on the records by warehouse activities. This operation began about 15 October 1952; and -- while the day-to-day business was carried on as usual -- the

SECRET

conversion was completed by May 1953. The manual records for all storage locations and property accounts were discontinued as of 1 May 1953. From that time on, all recordings of activities were processed by the punch-card method and recorded in the EAM files. The management reports and documentation were prepared by the Machines Records Division on a scheduled basis to satisfy the operating requirements for management in the elements within the Supply Division as well as in the Office of Finance.

At about this time, May 1953, the General Services Office was liquidated; and the Machines Records Division became a responsibility of the Office of Finance, which -- in turn -- reported directly to the Deputy Director for Administration. In May 1953 the Machines Records Division was located in Alcott Hall, a temporary building on Ohio Drive near the Potomac.

Introduction of Financial Property Accounting

The next significant event in the history of Supply Division was the establishment of the program known as "Financial Property Accounting" (FPA). This program was established as a result of a directive forwarded to the Agency from the Executive Office of the White House.^{5/} The Hoover Commission, which was set up by

the Office of the President in the late 1940's, spent two to three years in the study of the operations of many Government agencies. They zeroed in on the fact that Government agencies did not have an adequate system of property management, and one of the major weaknesses identified was failure to include in the controls and record keeping procedures a requirement for data on financial value of property. Such financial controls would serve to make all managers more aware of their responsibilities for the personal property under their control. The law resulting from the Hoover Commission recommendations required that all property records be priced and expressed in terms of dollar value as well as in quantitative terms. This introduced a new concept in property accounting throughout the Government. As for CIA, the Executive Office of the White House directed that FPA be established for the Agency's property; and in the event the Agency felt it would have any difficulty in setting up the appropriate procedures, it was directed to call upon the Bureau of the Budget (BOB) for professional assistance in establishing an appropriate system.

It was determined that the Agency could establish a system to meet the new requirements without outside assistance, and top

SECRET

management preferred to do exactly that. Accordingly, the Deputy Director for Administration (who would in 1955 be identified as the Deputy Director for Support) established a task force composed of senior representatives from the concerned administrative and operational offices to study the problem.* The initial task force discussed the problem in general terms and established broad principles which they believed were workable and could be adopted within the Agency. The next stage was to establish a working-level task force to prepare and write up the detailed procedures to accomplish the implementation of the FPA system.**

The working-level task force labored for a period of 60 days to design the essence of the FPA system. Forms were designed, codification patterns were established, new property documents

* Names of all members of this task force are not available; however, the following personnel are known to have participated: [redacted] representing Audit Staff; Col. L. K. White from the DDA's office; [redacted] from DDP; and Mr. James A. Garrison from the Office of Logistics.

** The working-level task force was composed of [redacted]

[redacted]

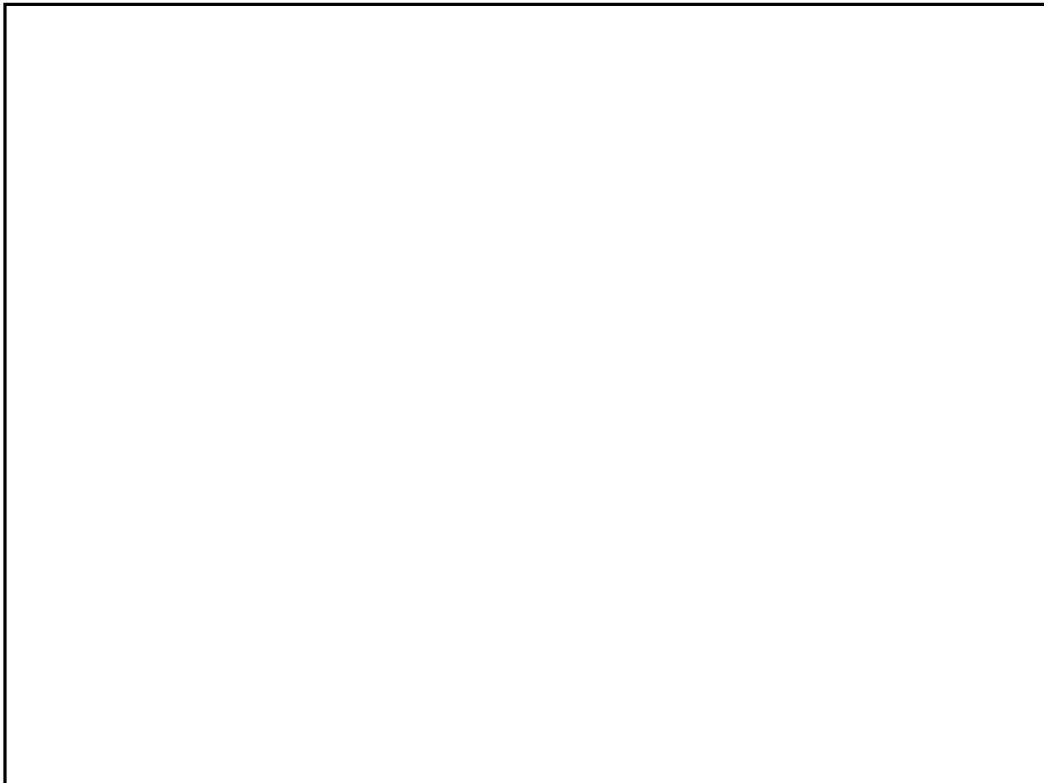
SECRET

SECRET

were designed, and instructional guidelines were prepared to acquaint all concerned with the specific details of the FPA system. The Office of Finance was required to establish a system of General Ledger Accounts for the recording of various actions, and these data were to be taken from the EAM records with copies of daily transactions provided as backup records for the Office of Finance files. The procedure also provided that there would be periodic (at least monthly) reconciliations of the General Ledger records of the Office of Logistics. Differences that were not the result of mechanical errors were to be brought to the attention of the Office of Logistics or the Office of Finance, as appropriate, to provide research and corrective action. This new procedure was introduced in the spring and early summer of 1953 and became fully effective at Headquarters on 1 July 1953.

During the first 60 days of operations, several problem areas were identified. Remedial action was taken, and the procedures were modified to overcome the problems. By September 1953 the procedures were working relatively smoothly; and the system, basically, satisfied the initial objective for FPA of personal property. In the fall of 1953, the requirements of the FPA for the Headquarters

SECRET



25X1A

In the period from September 1953 through the spring of 1954, FPA procedures modeled after the Headquarters system but maintained on a manual recording system, were established in the major For logistical and financial purposes these stations were thereafter identified as Type I FPA stations. 6/

Development of Agency Catalog System

The next stage in the development of the supply system was for the Office of Logistics and the Supply Division to provide a catalog system and to publish appropriate catalogs for the use of

operating components of the organization. These catalogs were needed to assist in requisitioning materiel and to advise operating components of the categories and types of items that were available through the Agency logistics system. In November 1954 the design of a catalog publication was prepared, and -- utilizing the facilities of the EAM in the Office of Finance -- the first supply catalogs were printed and distributed to all of the Headquarters components and

X1 [] The catalogs were prepared in sections, identified according to commodity groupings, and gave specific information on the items contained in the system. The first catalogs were of some assistance, as there had been no catalogs prior to this time, but they still left a lot to be desired.

The introduction of the catalog system* and the publication of catalogs opened the door to the next stage, which was to study ways and means to improve the catalog to make it more useful and informative for all concerned. After some research and examination of various techniques used in other organizations, the []

X1A [] was brought in for consultation; and they proposed

* See Appendix H.

a Flexi-Print (removable strip line) technique that required printing from plates that were photographic images taken of the strip-line panels.

This technique was a vast improvement over the EAM print-outs; and it provided an arrangement whereby the catalogers who prepared the publication were able to establish line lengths, arrange item groups, and provide for photographic inlays where appropriate. This Flexi-Print system made it possible to bring the Agency catalog up to a standard which, at that time, was equal to the techniques used throughout other Government agencies. The new technique also provided the catalogers with the opportunity to make individual changes within one line, or in a segment within a line, and replace the strip without having to retype a whole page as had been the practice with the EAM catalog printing system.

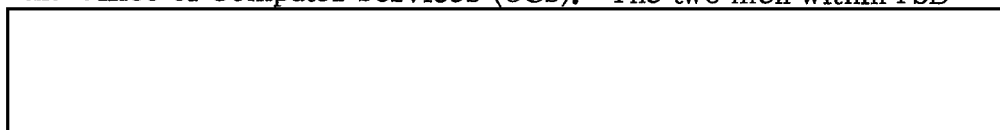
The Flexi-Print system remained in effect until about 1967, when computer-produced magnetic tape was introduced for type setting and preparation of the plates that were then used for printing the pages of the catalog. Just as the system was a great improvement over the EAM-produced catalog, this new system represented a vast improvement over the

25X1A

25X1A

system. Two employees in the Printing Services Division of the Office of Logistics were responsible for the development of the computerized type-setting technique, the EPIC system, which made the change possible.* The EPIC system provided the capability for rapid changes and for print-outs and reproduction on very short notice; and as a part of the present EPIC system, a program was developed using the IBM Selectric MTST machine, which made it possible to record the catalog directly on magnetic tape that is then fed directly to the computer. Again the Agency's current (1970) catalog publication compares favorably with systems that are used within other Government agencies. Early in 1970, Supply Division reached the stage where it published and distributed to all Agency components current catalogs for all commodity categories. This was a "first" since the cataloging system was introduced in 1954, and Supply Division was in the position of being able to maintain and update catalogs and publish changes as required.

* Development of the EPIC system was actually a joint effort between the printing expertise of PSD/OL and the computer technology of the Office of Computer Services (OCS). The two men within PSD



25X1A

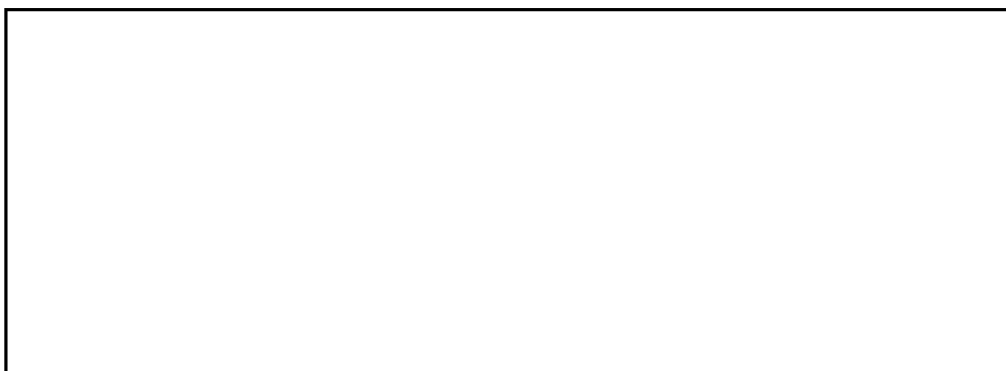
Operations of the Building Supply Branch

Included in the original Supply Division mission was the operation of a supply activity for administrative items (office supplies) for personnel located in the Headquarters buildings. This entity, identified as the Building Supply Branch, operated ☐ separate building supply points; three of these were major operations, and the remaining ☐ were located in smaller outlying buildings. Servicing these many facilities presented numerous problems, and there was a continuing problem of physically staffing the supply rooms. After considerable discussion of the problem, it was decided that the best way to accomplish the job would be to set scheduled hours for operating the supply rooms and to use a minimum of people in the supply rooms for a maximum coverage. This technique was applied at all locations except the three major supply rooms, and it proved to be an improvement.

Another problem that was recognized by the Supply Division was the requirement for certain types of operational equipment -- cameras, tape recorders, portable typewriters -- that were not normally provided through the building supply rooms. The requirement for these selected items was usually on a crash basis, where

25X1A

individuals required the item or items for special projects or Temporary Duty (TDY) assignments. To satisfy this requirement, it was decided in the mid-50's to open an area in one of the large supply rooms located in the R&S Building on Ohio Drive that was identified as an operational supply center. Limited quantities of these special items were available for issue to individuals on a loan basis, with the understanding that the items would be returned immediately upon completion of a project or a TDY. This speeded up the entire process and proved to be a very efficient arrangement. The systems described above for the Building Supply Branch remain in operation to date (1971), but the functions were transferred from the Supply Division to the Logistics Services Division in October 1962.



25X1A

activity was the Technical Services Division (TSD) of the Deputy Director for Plans (DDP), and the activity required a facility with

SECRET

limited storage space relatively close to the Headquarters area.

This facility was involved in a unique kind of business and curiosity within the community was unwelcome. It was decided to establish



25X1

program objectives of TSD. The Supply Division's role was to perform logistics functions in relation to the overall mission. The operational control of the facility rested with TSD.



research and development. The activity continued in operation until June 1958 when it was closed and the Agency's inventory assets and technical equipment were relocated at other Agency facilities.

SECRET

SECRET

III. 1956 Through 1960

Establishment of Supply Management Branch

As time went on, the capabilities and the mission of Supply Division continued to expand and the volume of activities performed by all of the depots rose steadily. As the mission became more complex, it became obvious that the area of supply management needed serious study and revision. This responsibility was diffused through the Stock Control Branches within the respective depots, but there was no consolidated supply management unit.

Under the then existing system the personnel engaged in stock control activities and the daily processing of customer requisitions were also expected to establish and revise levels, to determine reorder points, to initiate replenishment actions, to be constantly alert to slow-moving or non-moving stocks, and to review and approve disposal actions for items no longer needed. With this scope of responsibilities and the daily activities of processing and editing of customer requisitions, the tendency of the personnel in the stock control activity was to concentrate on customer requisitions and keep them moving, and -- in turn -- to relegate the supply management duties to a relatively low priority. Under the new system

SECRET

all of the foregoing functions were to become the responsibility of a Stock Management Section.

This required review of project administrative plans, forecasts of materiel requirements, and constant analyses of statistical data that would provide a guide to the increases or decreases in the supply requirements. Over the years the Stock Management Section developed considerable expertise in dealing with supply management problems.

Another part of the problem in the supply management area involved financial asset limitations, which had to be properly used in relation to the statistical data leading to specific levels and replenishment actions. The limited financial assets had to be balanced against requirements. The funds for the supply management operation are identified as the Property Procurement Allotment (PPA), which is a corpus of dollars taken from the actual funds budgeted by the operating components for materiel and transferred to the Office of Logistics. The operating components' budgets were reduced by this amount, and in turn they received what was identified as Property Requisition Authority (PRA). The principle of this system is that for every dollar of PRA a dollar is included in the PPA. This technique provided the funding mechanism by which Supply Division was and is

(1971) able to maintain stocks in the inventory to satisfy customer requests and to procure nonstocked items immediately upon call, as opposed to the prior system which required that each and every customer requisition would result in an individual procurement action, thereby causing long delays from date of requisition to customer's receipt of materiel. Although this system has met the needs over the years, it is not a complete answer to the Agency's property funding requirements. Regardless of the professional management techniques applied, each fiscal year an imbalance occurs between the amount of PRA "on the books" of requisitioning components and the monies available in the PPA, and this balance is invariably in the favor of PRA; for example, the property requisitioning components have more PRA than Supply Division has actual money in the PPA to pay for supplies and equipment. This situation has become particularly acute since the Agency's all-out involvement in South Vietnam and Laos. Frequent decisions from the White House have resulted in the expenditure of funds not included in the Agency budget. Usually the Agency is reimbursed for these expenditures, but long after the fact. Such unforeseen requirements make the management of PPA a thankless and frustrating assignment. As the

SECRET

end of the fiscal year approaches (the months of May and June), the thrashing about to keep Supply Division, and particularly its depots, operating and at the same time honoring customer requirements is an ulcer-producing experience.

Management Staff Study for Computer Application

In the spring and summer of 1957 the Management Staff, headed by [] embarked upon a feasibility study in the Office of Finance and in the Office of Logistics to determine the adaptability or applicability of a computer operation for the systems being maintained for Logistics and Finance. The study was conducted by personnel from the Management Staff, with some personnel from the Office of Finance and no representation from the Office of Logistics. The team presented the purpose and objectives of the study to the Director of Logistics, who authorized them to proceed but requested that the Supply Division designate one man to provide guidance and keep informed of developments. *

The man from Supply Division also provided necessary data in terms of statistical background, defined procedures and processes

* [] was assigned this task.

SECRET

SECRET

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

used in the supply system, and gave general assistance to the task force wherever possible. After collecting, presumably, all the information and data needed, the task force established that it was feasible to convert the Office of Logistics' Materiel system to a computer operation and submitted what later proved to be a rather incomplete system design. It was determined that the specific computer configuration to perform the task should be the RCA 501 system.

The Office of Logistics was then presented a position paper that proposed to proceed with this installation on the basis that the recommended computer system would effect considerable improvement over the existing system and result in extensive manpower savings by eliminating many of the manual tasks -- and the personnel performing these tasks with the punch-card system. Neither the Director of Logistics, Mr. Garrison, nor the Chief, Supply Division, however, was enthusiastic about some facets of the proposed program. The major concern was that the study did not include adequate professional input from experienced logisticians and that, therefore, the proposed program could not reflect accurately the day-to-day procedures of the Division. In addition, it was felt that the programming time offered (approximately 10

SECRET

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

hours per week) was insufficient -- after implementation of the system, indeed, Logistics personnel were obliged to work on week-ends in order to complete the weekly programming schedule. Mr. Garrison made these reservations known to the Deputy Director for Support, but the DDS endorsed the position of the Management Staff and approved action to procure the RCA 501 Computer system. The task force was then directed to work with the Office of Logistics in the actual implementation of the proposed computer system. 7/ This did not come to pass until late 1959 and early 1960.*

Initiation of the Property Type II System for Field Installations

The Financial Property Accounting (FPA) system was established in 1953 for Headquarters and the Type I system was established for



25X

* See Chapter IV.

** A handbook entitled [redacted] was published in July 1955. This publication was subsequently retitled

25X

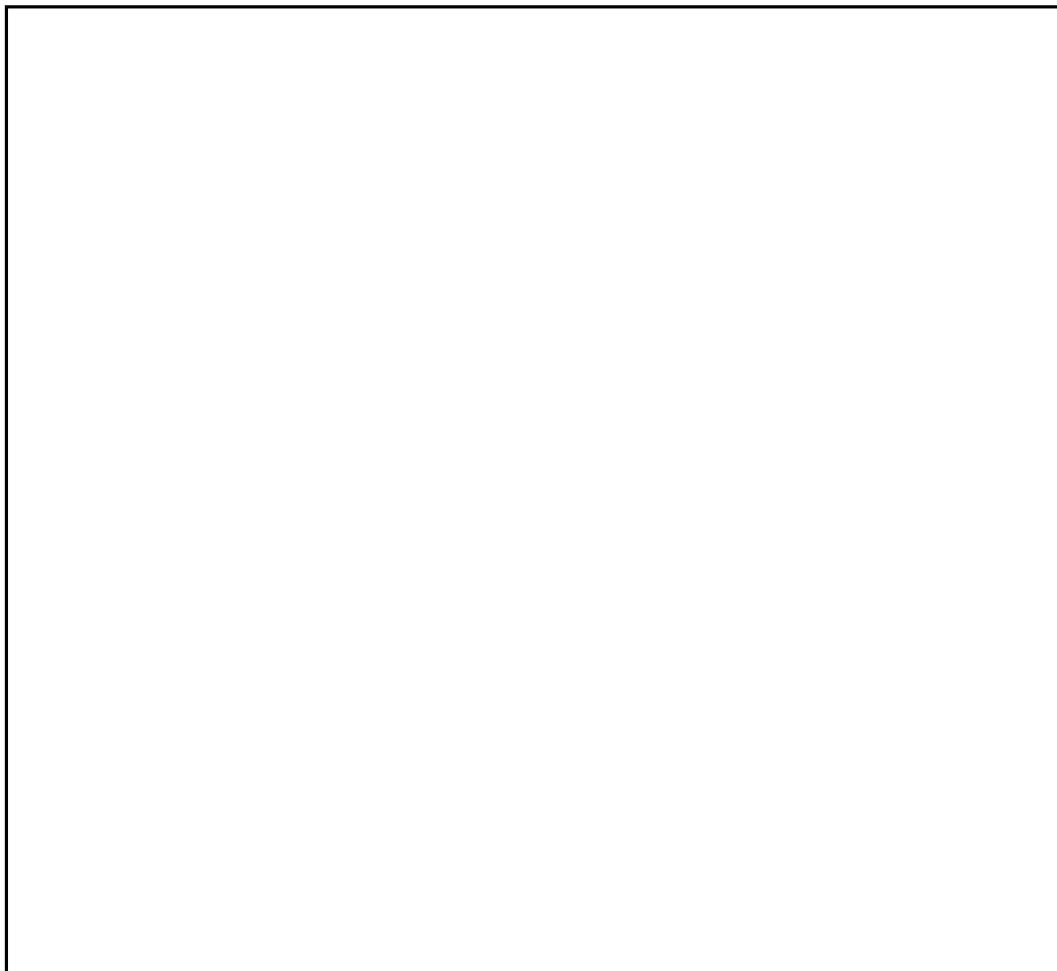
25X1

[redacted]
operating under these procedures were considered a Consolidated Memorandum Receipt (CMR) Account at Headquarters, and their records were maintained by Supply Division.

25X1

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2



25X1

This dispersion of assets presented many problems, particularly when there were critical requirements with short deadlines.

Senior personnel of Supply Division were required to maintain a constant liaison with key military personnel in the Office of the

* See Chapter IV for the rebirth of the concept that would ultimately become known as Type III Property Accounting Procedures.

25X1A

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

Next 13 Page(s) In Document Exempt

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

items in Agency stocks without reference [] channels, and
once the materiel was packed and ready to be shipped, the Agency
could exercise appropriate priorities to move shipments either by
surface or air to overseas destinations. The volume of activity of
the Depot from 1964 to date is shown in Appendixes D through G.*

25X1

Establishment of Mail Order Systems []

25X1

Supply Division, with its [] operations, was now
in a good position to provide efficient and rapid response to Agency
requirements for all major materiel support. In 1959 further review
of the supply operations and the system in operation was requested
by the Director of Logistics, and it indicated a need to improve the
handling of small customer requirements rapidly, preferably by a
mail order technique similar to those of Montgomery Ward and

25X1

[]
ready access to excellent commercial and US Government facilities
for materiel support, were ideal facilities for a mail-order business.

25X1

* Statistics for years prior to 1964 have been destroyed.

SECRET

In setting up the mail-order procedures it was decided to confine this service to the small, individual requests for materiel of an expendable nature required in support of an overseas station and having a critical deadline. The technique devised consisted of authorizing the overseas stations operating under [] submit letter requests -- including a fund citation and spelling out the item or items needed -- through US mail channels. Upon receipt of the requests, either the [] would go to the most available local source, including retail outlets, to acquire the item or items. The materiel would then be packed and shipped via the fastest means, parcel post in most cases. Usually the deadlines were met, but occasionally there were slight delays.

25X1

25X1

This procedure also circumvented the FPA system by treating these items as a direct expense, thereby reducing the documentation and paperwork normally required. The mail order business established in 1959 remains in effect to this date (1971); and in 1967 the arrangement was further expanded so that stations in all areas

25X1

SECRET

25X1A

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

SECRET

IV. 1961 Through 1965

Introduction of the Computer System

The feasibility study on the use of computer equipment for the Supply Division* was reviewed and coordinated by various components in the Support Directorate, and in late 1959 the decision was made to convert the Agency's supply system to a computer-driven operation to replace the EAM punch-card system that had been in existence since 1953. With this decision made it followed that to implement the conversion and facilitate the switch-over there was a need for a considerable systems review and analysis of the supply operations as they then existed.

The Machine Records Division, the Office of Finance, and the Office of Logistics designated available personnel to work as a special task force to accomplish the following:

- (1) Conduct of the systems review.
- (2) Preparation of appropriate flow charts of the existing system.
- (3) Preparation of flow charts of the proposed computer system.

* See Chapter III, p. 45 ff.

SECRET

SECRET

(4) Preparation of appropriate implementing procedural instructions.

(5) Redesign and modification of the documents and processing forms required in the day-to-day business of running the supply system.

This task force spent from late 1959 until the latter part of 1960 developing the various system flow charts, procedural instructions, and forms. Late in 1960 the implementation was initiated on a phased basis by commodity categories. Parallel operations on the EAM punch-card system continued for a 90-day period until it was safely determined that the computer system was performing what had been expected and that the controls for balancing purposes and for determining the accuracy of the new system satisfied the appropriate management levels. By early 1961 the RCA 501 equipment was being utilized for the operation of the Headquarters supply system, and the EAM system was discontinued.

Experience has established that this conversion was an improvement over the punch-card (EAM) system, but it was not truly a conversion that utilized to the fullest the real capabilities of the computer equipment. The conversion might best be identified as a modification or improvement; basically it was a conversion that represented a change of hardware and not a total conversion to the computer system.

SECRET

The cause of this incomplete system conversion was the lack of personnel qualified to perform a thorough feasibility study and a thorough system analysis.

To have properly performed the task, the problem should have been surfaced at the highest level in the Agency so that it could have received the appropriate support and cooperation of all components that participated in or played a role in the supply system. Because of the nature of the Agency, the supply system is not solely the responsibility of the Office of Logistics. The very technical nature of many commodities involved in the supply system required coordinated action between the Supply Division of the Office of Logistics and technical components in the various Directorates. For example, the management program for communications materiel is coordinated with the Office of Communications; unique items are under the technical cognizance of the Technical Services Division in the DDP; security items are in the realm of the Office of Security; and medical items are the responsibility of the Office of Medical Services. These technical components provide the Office of Logistics with engineering know-how, program replacement planning, requirements, and technical advice. Personnel in the technical components also coordinate on

SECRET

supply management review actions in relation to technical items.

The conversion of the system from the punch-card to the computer system provided essentially the same reports and operated very much in the same manner as previously but with one additional major benefit -- Supply Division did have greater and faster accessibility to management information, and the preparation of reports to assist top management in decision making was expedited. There were, however, many facets of the new system that did not fully utilize the capabilities of the computer equipment. Primary among these was the time-lag between the submission of data and the actual receipt of the print-out. To be an effective management tool, data must be current, ideally available on a daily basis. The systems design imposed upon Supply Division at this time provided the managers with monthly and biweekly printed reports. Thus the data could be as much as 14 to 28 days old at the time the manager received his report. This meant that the manager had to total the intervening transactions manually in order to obtain the current status.

SECRET

SECRET

Introduction of Self-Service Supply Rooms

In 1960 the Building Supply Branch operations* were reviewed by direction of the Chief of the Supply Division. The purpose of the review was to determine whether or not further improvement could be made in the operations targeted toward the objective of a further reduction of the manpower assigned to that activity. The man who made the study, [] visited the GSA's similar activities and also two military facilities in the metropolitan area that conducted the same type of supply operations. It was interesting to note that in the GSA operation and also in the two military operations self-service (honor system) activity had been established. The self-service system used open shelves and counter stocks for common administrative office supplies. The customer, after selecting his articles, went through a check-out counter and presented his credentials, identification, or a similar instrument that established his bona fides. In the GSA operation a shopping-plate concept was applied because the self-service stores under GSA serviced multiple agencies in the Washington area, and the cost of

* See Chapter II, p. 39 ff.

SECRET

the supplies was billed to the consumer agency. The GSA operation was studied further and was discussed with the personnel who operated the program; their comments were most encouraging. They indicated that the consumption rate of supplies did not increase, that personnel were not hoarding these supplies, and by-and-large the system was working very efficiently and effectively.

With this background in the self-service system the decision was quickly made that the supply-room operations in the Agency's outlying buildings should and could be converted to a self-service (honor system) operation. No increase in consumption was anticipated, and there was a definite possibility of reducing man-hours involved in the operation. In the spring of 1960 Supply Division introduced the self-service system and arranged with the components occupying the outlying buildings to open the supply rooms in each building for a set number of hours per day to service all Agency personnel in the building.

The Building Supply Branch of the Supply Division was charged with the responsibility of visiting each of the supply rooms weekly for the purposes of stocking the shelves, straightening out the area, and taking action to supply unusual items (not normally in supply

SECRET

rooms) to specific customers in the buildings. This change in operations was another forward step in the improvement of the customer service provided by the Supply Division.

Establishment of New Criteria for Property Expendability (\$50)

Before 1962 materiel in the supply system was identified for accounting purposes in two major categories: expendable property that was consumed, lost its identity in use, or had unit value of less than \$10; and nonexpendable property -- identified as those items of materiel which were nonconsumable, retained their identity, and had a unit value of \$10 or more. The Chief of Supply Division determined in 1962 that the problem should be examined thoroughly to determine whether or not the \$10 criteria, which imposed considerable record keeping on a worldwide basis, was valid and if there was some way this could be alleviated or rectified.

Supply specialists looked at the problem and attempted to establish precedents used in other Government agencies, but the study revealed that this problem was handled in many different fashions throughout the Government. None of the practices carried on by other agencies really seemed to answer the objectives of Supply Division. After considerable discussion it was determined

SECRET

SECRET

that the keeping of property records for items of a nonexpendable nature under \$50 was not warranted. This amounted to keeping records for the sake of record keeping. In the study, statistical data were collected to determine what impact a \$50-criteria would have on the system. The study revealed that the increase in the expendability criteria from \$10 to \$50 would reduce the record keeping and the documentation at Headquarters [REDACTED]

25X

X1A [REDACTED] approximately 59 percent and at the same time would only reduce the monetary value of financial assets of Property In Use by approximately 3 percent. With this overwhelming fact surfaced, the decision was easy; it was made immediately. The next catalog publication sent to all users called this change to their attention.

The change was welcomed by all activities when they realized what this meant in terms of reduction of the administrative paper-work and record keeping. As a followup to this change, the Chief of Supply Division directed that as soon as any of the Logistics careerists overseas at the time of the change returned to Headquarters, they were to be interviewed to learn if the reaction was as favorable as had been anticipated. In every instance the individual interviewed

SECRET

replied very favorably and thought it was probably the greatest single change that had taken place since the Financial Property Accounting system was instituted in 1953.

Transfer of Inter-Departmental Requisitioning Section from
Procurement Division to Supply Division

In late 1964 Mr. Alan Warfield, Director of Logistics, requested that the functions and responsibilities of the Inter-Departmental Requisitioning Section (IDRS) of the Procurement Division be surveyed in detail to determine if this activity really belonged in the Procurement Division or could be operated more effectively in the Supply Division. The study involved briefings, development of flow charts, and step-by-step procedural charts. When the procedures in operation in Procurement Division were compared with the flow charts and with the revised procedures and documentation that would be followed if the activity physically were relocated in the Supply Division, it was very clear that some overall improvements would be realized. On 1 April 1965 Mr. Warfield approved the transfer of this responsibility and the transfer was made forthwith. 13/

Shortly after the transfer, Supply Division changed the unit identification from the Inter-Departmental Requisitioning Section

SECRET

to Inter-Departmental Support Section (IDSS). The new identification was a more appropriate title inasmuch as the duties and mission of this activity were far greater than that of property requisitioning. This Section was and still is (1971) the support entity that funnels requests from components throughout the Agency to other US Government agencies for materiel, services, the use of military facilities, tests and developmental research work in the various military technical research laboratories, and other unique service requests. It was quite plain that the term "requisitioning" as applied to property was a very limiting identification; the services provided by this Section have expanded drastically since they were relocated in the Supply Division.

Transfer of Freight Traffic Branch to Supply Division

Early in 1964 the Chief of Supply, Mr. [] raised serious questions about the arrangements for transportation of shipments from [] In order to ship materiel from [] at that time it was necessary to collect all the information -- weight, cube, number of pieces -- and relay this to the Freight Traffic Branch of the Transportation Division, which -- in turn -- obtained the booking and scheduling for movement services,

25X1

SECRET

coordinating as necessary []

25X1

When the bookings and schedules were firm, this information was passed back to the [] which would then target their shipments to be packed and ready to move on the dates indicated. This was a cumbersome, inefficient system that had been in existence since the origin of the Office of Logistics with the responsibility for the movement of shipments charged to the Chief of Transportation Division.

This problem had been discussed several times in previous years and had been the subject of in-depth studies on two different occasions. The recommendations of the studies were that the function of transportation of shipments from [] should be the responsibility of [] presented his approach to the Director of Logistics and requested permission to make one more study in the hope of convincing the Director that the system could stand drastic overhaul. The Director of Logistics approved the study, and [] directed the study of the operations in the Cargo Branch of the Transportation Division. The study was completed in about sixty days.

25X1

25X1A

The technique used in the study was to discuss the individual job responsibilities of each member of the Cargo Branch and relate

these to the statistical volume of movements made by []

[] The facts in the study established that the efforts of the Cargo Branch of the Transportation Division were directed primarily to shipments being made [] More than 95 percent of the documentary and manpower effort in the Cargo Branch was dedicated to the movement of shipments from and []

[] About 3 percent of the documentation and manpower effort was used in the movements of materiel by the [] [] and a very small percentage represented assistance to the [] on unusual problem areas.

Putting these facts altogether, the inevitable was quite obvious -- the operations would improve considerably, the documentation would be drastically reduced, and the files could be consolidated by relocating the Cargo Branch of the Transportation Division in the [] [] to perform its duties from there.

Among the recommendations that were included in the study was the proposal that the Chiefs of the [] be authorized to arrange their own scheduling and bookings through [] and that in all instances the same arrangements should prevail for

SECRET

X1A [] The recommendations of the study were approved by the Director of Logistics.

X1 [] The [] were then given the authority and responsibility for scheduling and booking shipments through any and all modes and channels - []

25X1C

[] This represented a significant change for [] because with the consolidation Supply Division was able to use common files between the [] and the new Freight Traffic Branch (formerly the Cargo Branch).

25X1

25X

25X

It was possible to reduce documents significantly, and the personnel who had occasion to contact one another on transportation matters between the depot and Freight Traffic Branch were all quartered in the same facility. This provided immediate and ready personal contact to ask and answer questions that greatly expedited the entire transportation process.

This situation remained in being until 16 December 1964 when Mr. Warfield determined that from a command standpoint the Cargo Branch of the Transportation Division, which was located []

25X

X [] He issued an order transferring this activity with all its personnel

SECRET

SECRET

and responsibilities to the Supply Division under the command responsibility of the Chief of Supply through the Chief of the []

25X

[] As stated previously, the result of this action was excellent, and in retrospect it is hard to understand why this action had not been taken many years earlier. The improvement in the service subsequent to the change has been exceptionally noticeable, and personnel were reduced from []

25X

Transfer of Central Control and Distribution Branch

In the spring of 1965 Mr. Warfield requested another management review of the operations between Procurement and Supply Divisions to determine what functions, if any, might be improved by relocation and consolidation. This study was performed by a team representing the Director's immediate Office and the Planning Staff.* The areas examined did reveal some weaknesses and problems. The most significant one was that of considerable duplication between the Supply and the Procurement Divisions with customer requisition files, followup and expediting, and customer contacts

25X

SECRET

SECRET

being performed from both Divisions. The inability to give quick and accurate answers in response to inquiries on the status of requisitions was perplexing. There were many situations in which the status of requisitions dragged and lapsed for unreasonable periods of time, and the task force recommended that the Office of Logistics establish a single unit where customer requisitions would be received, registered, scheduled, controlled, and expedited through components in the Office of Logistics. In addition this entity would be the reception point for all [] incoming cable and dispatch traffic on matters related to materiel support.

25X1A

The decision was made to establish the activity physically in the Supply Division. That portion of the [] located in the Stock Control Branch that related to customer requisition receipt, registration, voucher assignment, scheduling, and the like was combined with the Procurement Division's Control and Services Section to form a new activity that was named the Central Control and Distribution Branch (CC&DB) of the Supply Division. The responsibilities of the new Branch are covered in detail in Supply Division Instruction (SDI) 45-62 published in December 1967. 15/

25X

SECRET

SECRET

This consolidation of functions was another progressive step in management improvement within the Office of Logistics, and the new entity was a focal point where a customer could -- by cable, dispatch, telephone, or personal visit -- get specific and complete information on the status of any items on any requisition. Not only was there a single point within the Office tasked with the problems of expediting through any and all components of Logistics and conducting appropriate followup with vendors to establish delivery time for materiel on order, but also the consolidation of files in one location resulted in a significant reduction in documentation and customer requisitions were handled much faster and more expeditiously than before.

The new objective adopted for the operation of this Branch was to strive to keep the customer informed about the status of his requisitions at all times thereby precluding the numerous after-the-fact inquiries that resulted in correspondence-cum-correspondence. Supply Division's working experience with this new entity since 1965 indicates improvement in the servicing and handling of customer requisitions.

SECRET

SECRET

Development and Introduction of the Type III Property System

X1 []
In February 1965, at a meeting held at the [] 25X1

X1A [] and chaired by the Deputy Director for Support,
Colonel L. K. White, several administrative support problems were
discussed in very broad terms. In attendance were the senior
support officers from each principal DDS component, and [] 25X1

X1A [] represented the Office of Logistics. Among the subjects
discussed were the Type I and Type II Property Accounting and FPA
systems. There was a general feeling that even though the Type II
system had done much to reduce problems of administrative clerical
detail [] it should be examined
for still further possible reductions. The Assistant Deputy Director
for Plans, [] made a presentation in which
he indicated that many of the overseas stations under the DDP could
best be described as "fly-speck" stations, []
and no support personnel assigned. He was addressing himself to
the problems at stations of this size, and he was hopeful that wherever
feasible, the Support Directorate would find it possible to reduce the
administrative functions that were presently charged as a responsi-
bility to these stations. [] made his pitch to all of 25X1

SECRET

the Support personnel in attendance, and his message was loud and clear. The Deputy Director for Support requested those attending the seminar to give serious thought to ways and means to accomplish to whatever degree possible the objectives [REDACTED] had cited.

25X

Within the supply area Type II property and FPA systems were reviewed with the idea of finding simplifications that would assist the small stations. It became quite clear, however, that even a simplified system could present some administrative burdens that might be unwarranted at the smaller stations. The question was studied by qualified supply specialists, who determined that they could make some considerable reduction in the procedures of the Type II system. A new set of procedures was developed and published in April 1965; it was identified as the Type III property procedures; they are given in [REDACTED]

In essence these procedures provided a jacket-file record system for the field stations or bases; and the accountability for the property at the Type III stations -- the very small stations -- was to be maintained at Headquarters, specifically in the Supply Division of the Office of Logistics. The computer system was used in a

SECRET

manner that corresponded to the Headquarters Property In Use record keeping; and on a cyclic basis each of the Type III stations received annually a computer listing of all of the nonexpendable items that had been issued to or acquired by the stations during the past twelve-month period. The stations were requested to validate the accuracy of this computer report, sign the report, and return it to Headquarters.* This new procedure was well received by the DDP components, and as of the current date (1971), approximately have converted from the earlier Type II system to the new Type III. From all reports they are pleased with the new arrangements and with the reduction in the administrative workload that was achieved by the new system.

*

25X

SECRET

V. 1966 Through 1970

X1A [REDACTED]

In early spring of 1966 the Director of Logistics, then Mr. George Meloon, decreed that Supply Division should study the feasibility of closing the [REDACTED] activity, thereby saving approximately \$265,000 a year. Supply Division was directed to perform the study with the assistance of representatives from the Office of Logistics' Administrative Staff and the Budget and Fiscal Branch.

The entire operation was thoroughly investigated and the results of the study indicated that the functions being performed by the [REDACTED]

25X1A

[REDACTED] could very well be assumed [REDACTED] without

any great interruption or deterioration in service. There were,

however, certain unique services being performed by the [REDACTED]

25X1A

[REDACTED]

25X1A

[REDACTED] which would have to be discontinued.* The Deputy

Director for Support requested that the appropriate Headquarters

* [REDACTED]

components be advised of the plans to close the [REDACTED]

25X1

25X

vices had been taken on initially by the [REDACTED] on a very informal basis as a result of personal contacts.

25X1

In the process of determining that the [REDACTED] could be closed, Supply Division also established the fact that one particular service being performed at the [REDACTED] would require special arrangements. This was the mail-order letter requisition service (a la Sears Roebuck) referred to earlier in this paper. It was decided that this service could be continued by setting up a new unit at the [REDACTED]

25X1

25X1

The closing of the [REDACTED] was justified by the findings of the study; the procedures to effect the closeout were prepared, and a timetable was established for the complete and orderly phase-out not later than 30 June 1966. In March 1966 the Director of Logistics submitted to the Deputy Director for Support a proposal that recommended that the phaseout be done in the following manner:

25X1A

* For a detailed discussion, see Chapter V, p. 89 ff.

SECRET

(1) Cessation of [] operations and the deactivation of the Depot to be effective 30 June 1966.

25X1

25X1A

25X1A

(2) The [] ceiling positions authorized for the [] to be retained by the Office of Logistics to provide for any additional staffing that might be required either at Headquarters [] facilities to continue the mail-order requisition services previously performed for overseas stations.

25X

25X1A

(3) That the Office of Logistics, through the Special Support Assistant, Deputy Director for Support (SSA-DD/S), initiate action to revise the pertinent [] tives advising the overseas installations that the services would be discontinued, and also to advise all of the components []

25X1

25X1

Although the objective was to complete the phase-out not later than 1 July 1966, it was not until 23 July 1966 that the Deputy Director for Support officially approved the proposal. This approval is noted in a memorandum from the Director of Logistics to the Deputy Director for Support dated 3 July 1966. 17/ The Deputy Director for Support concurred in the proposal but decided that he would ask for the Executive Director-Comptroller's approval; and he accordingly forwarded the proposal to the Executive Director-Comptroller asking for his concurrence in the phase out. The Executive Director-Comptroller, then Colonel L. K. White, approved the proposal on 4 August 1966, and the activity was then scheduled for closing not

SECRET

SECRET

later than December 1966. This was accomplished in accordance with that schedule, and on or about the first of December 1966 all

[REDACTED]

25X1

A unique problem not originally anticipated developed in the phase-out. The problem involved the actual separation of the

[REDACTED]

25X

odd such employees, including the guards assigned [REDACTED]

25X

all had to be relocated or released in a manner that was acceptable to the local Civil Service authorities. Some few of the employees who were qualified elected to retire; some were relocated in other Civil Service positions in the area; but many of the employees were separated and not re-employed by other Government agencies in the area. This presented the problem of severance pay for those employees who neither retired nor were rehired by other Government agencies. These employees were entitled, according to the local Civil Service's regulations [REDACTED] to a severance pay based upon their years of service and their salary scales. The severance pay had to be paid by the Agency as part of the close-out arrangement. This severance pay amounted to approximately \$163,000,

X1A

SECRET

which in essence reduced the anticipated gross savings from \$265,000 for the first year to the \$102,000. Each year thereafter, however, the savings to the Office of Logistics and the Agency was approximately \$265,000.

Looking back on the operation of the [] and the supply system as it exists today, it is clear that the quality of service being rendered has not suffered in the least by closing of []

25X1

When the problem was thoroughly analyzed, the only

25X1

Establishment of Special Projects Unit []

25X1

Closing the [] in December 1966 presented the requirement for an alternate facility to perform the mail-order activities previously carried on by [] It was decided to establish the capability [] The new unit was identified as the Special Projects Unit (SPU) and was

25X1

25X1

25X1C

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

Next 1 Page(s) In Document Exempt

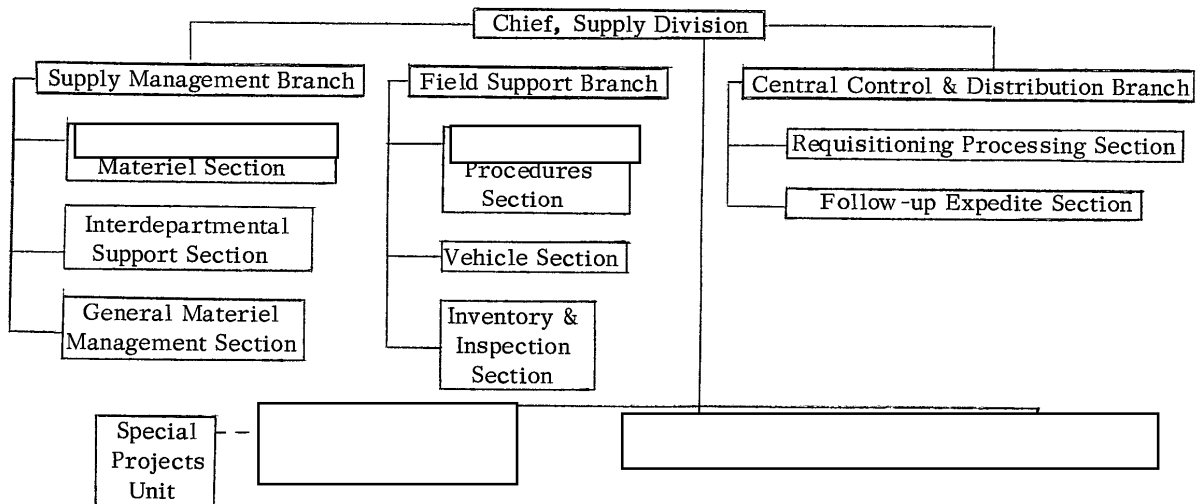
Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

SECRET

FIGURE 2

Organizational Chart - Office of Logistics, Supply Division

December 1970



SECRET

Supply System Review for Conversion to New Computer Setup

The Support Information Processing System (SIPS) Program that was initiated in 1964 has, since that time, utilized the assigned personnel in preparing material for the ultimate conversion of the present logistics system to a new, total management information system. Initially nine people with backgrounds in the various supply disciplines were detailed to the Materiel Resources Section (MRS) of the SIPS group. Until early 1969 those personnel were engaged in collecting information, studying and analyzing logistics operations, discussing details of the various systems and subsystems in use at that time, and developing new concepts in order to prepare for the ultimate establishment of a computer system that would utilize to the fullest degree the third-generation equipment that was to be used for the new system. In early 1969 the Deputy Director of Logistics, [REDACTED] was advised by the Director of the SIPS Task Force that the MRS was having difficulty in assimilating the information that it had previously received or had collected in its operations review. MRS was not satisfied with its progress in relating that information to the requirements of the new system or to the concept for its design.

SECRET

To overcome this problem the Director of Logistics, then Mr. George Meloon, directed that two senior supply specialists with automatic data processing (ADP) background and training be assigned as a special task force to work with the Deputy Chief of the Supply Division in compiling a package that included all of the requirements for the new Agency supply system. This two-man task force of set out to talk with people in all elements of the Supply Division as well as with those in other technical Agency components that were directly affected by the supply system. Its mission was to collect information and develop concepts that would represent the kind of integrated operation visualized for the new computer system. The task force was charged with the responsibility of assimilating the information and coordinating the requirements with those other components, which included the Office of Communications, the Technical Services Division, the Office of ELINT, and the Office of Medical Services. The two-man task force worked for a period of about 18 months to complete the total package of system requirements.

In the late fall of 1970 the last portion of the concept and requirements package was released to MRS. From all indications, any

SECRET

question or problems that required clarification or further explanation have now (1971) been resolved; Supply Division is waiting, as is the rest of the Office of Logistics, for the MRS (through the SIPS Task Force) to present the preliminary systems design proposal. It is hoped that the proposed system will encompass all of the requirements submitted by the Office of Logistics for the logistics materiel system and will provide a system that utilizes the full capacities of the so-called third-generation computer hardware. The tentative target date set for completion of the system design is July 1971, with the system programming completed and some degree of system implementation to begin in the spring of 1972.

Establishment of New Criteria for Expendability (\$200)

As stated earlier in this paper, * the change in the criteria for expendable items to \$50 was a progressive step. It resulted in considerable reduction in the documentation, record keeping, and other administrative requirements. This matter was studied again in late 1969 and early 1970, and the proposal was made that the level of expendability be increased to at least \$100 and, if possible, to the

* See Chapter IV, pp. 72 and 73.

\$200 level. The statistical data that were collected to support the position were very significant.

Establishing the level at \$200 would result in a 49-percent reduction in current record keeping and documentation with only a 6 1/2-percent reduction in the dollar value of the Financial Property In Use Accounts on a worldwide basis. The increase in the level of expendability to \$100 would result in approximately 27-percent reduction in record keeping and documentation with relatively the same reduction (6 1/2-percent) in monetary value of the Property In Use Accounts. The decision to set the criteria at \$200 was made and coordinated with the Office of Finance. The recommendation was submitted by Supply Division to the Director of Logistics in the spring of 1970. The Director of Logistics concurred in the recommendation and forwarded it to the Office of the Deputy Director for Support. This proposal was approved and was implemented on 1 July 1970. 18/

This change represented another progressive achievement in the record keeping and the administrative documentation requirements -- minimizing record keeping wherever possible, still complying with the basic intent of maintaining only those records needed to do the job effectively, and still satisfying the legal requirements for property accounting.

VI. Support for Special Programs
and a Note on Personnel

The foregoing pages have traced the organizational development and evolving responsibilities of the Supply Division from 1951 to the present (1971). To complete the story and to provide a more pragmatic view of the Supply Division, this chapter offers some selected highlights of the Division's role in major operational projects; and it concludes with a brief word on the realities of professional life in the component.

25X1A

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

Next 2 Page(s) In Document Exempt

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

SECRET



25X1

Supply Support to [redacted]

25X

Although logistical support for the [redacted] is covered
in a separate history,* it is only fair to indicate in the Supply Division
history that the impact of that activity was extremely significant.
As the project developed and grew, it caused two major problems:

25X

* See Historical Staff, Support Services Historical Paper by [redacted]

25X1

[redacted] Logistics Support for [redacted]
October 1961, OL-7, April 1971 (S).

25X1

25X1A

SECRET

SECRET

(1) It increased the workload throughout the Supply Division to satisfy the requirements for materiel.

(2) The project levied requirements on the Office of Logistics for qualified supply specialists in all areas and subspecialties of supply.

The details of the magnitude of the materiel support rendered to the JMWAVE project are contained in the JMWAVE history. The volume of the materiel and urgency of the demand required to support the project created a massive impact upon the Supply Division. In addition, the personnel requirements that were levied added further complexities to the problem. At the same time that the Division's workload increased to support the project, there was a constant demand for Supply Division personnel to be detailed to both JMWAVE headquarters and to field installations. At the peak of the JMWAVE operations Supply Division had a total personnel detailed to the JMWAVE operation.

25X

25X1C

Special Support to

In October 1962 the United States and the Soviet Union became involved in an international crisis over the building of missile sites and the positioning of missiles on the island of Cuba. Unlikely as it might seem, the Supply Division of the Office of Logistics played

SECRET

25X1A

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

Next 8 Page(s) In Document Exempt

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

addition to training people to perform specific jobs within Supply Division, the Division also has a concomitant responsibility to prepare personnel for assignment as logistics officers in the various area divisions as well as assignments to the Agency's overseas installations. On the average, Supply Division furnishes 75 percent of the personnel filling logistics slots at field installations.* Planning the rotation of personnel is particularly difficult as the Division is often unable to anticipate the fluctuations in Agency requirements. An excellent example of this occurred during the [] in 1961 when some [] personnel from the Division were ultimately used to support that operation. Again in 1965 the decision to beef up support activities at the Vietnam Station had a great impact on the Division because it furnished the majority of the reinforcements. Complicating this picture is the fact that although the Division currently (1971) has a personnel ceiling of [] of this number only some [] are considered to be qualified for assignment outside the Division. In the past five years (1965-1970) the Division furnished each year approximately [] qualified supply and logistics officers to other Agency components.

* Currently (1971) the Office of Logistics has [] overseas slots.

SECRET

Available statistics reflect a personnel ceiling of

25X

July 1954, and over the years this has declined to its present level

This decrease of some 15 percent is significant when

25X9

balanced against the fact that the Division also assumed the duties of the Cargo Branch and the Vehicle Section in 1964 and those of the Inter-Departmental Requisitioning Section in 1965. While the functions of the Division have continued to expand, the number of personnel available to accomplish these tasks has shown a continuing decrease.

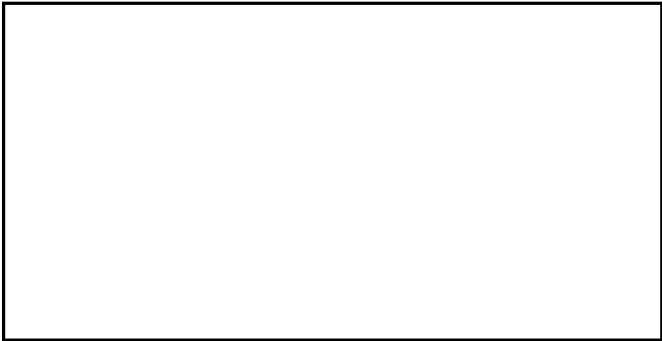
Significantly, this attests to the ability of the Division's personnel to perform their mission efficiently.

* See Appendix C.

SECRET

Appendix A

Chronology

Prior to Apr 51	Supply was a function of components in individual directorates and in the Office of General Services.
Apr 51	All supply functions are consolidated under the Supply Division, Office of Procurement and Supply, Deputy Director for Administration (DDA).
Midsummer 52	Responsibility of the Supply Division is expanded to include not only support for Headquarters area but materiel support for Agency activities world-wide through use of all available methods of transportation.
Midsummer 52	
Jun 52	
Early Summer 52 - 1 Oct 52	Agency records for item identification and item numbering are converted to conform to Federal Item Identification Numbering (FIIN) system.
10 Oct 52 - 1 May 53	Manual records of Supply Division are converted to Electric Accounting Machine (EAM) punch-card system.

25X1

May 53

[REDACTED]
[REDACTED] is approved. Stocks
and operations [REDACTED] warehouses in
Washington, D. C. area are consoli-
dated.

25X

25X1
25X1

1 Jul 52

Financial Property Accounting (FPA)
system is adopted. Henceforth all
property records are to be priced and
expressed in terms of dollar value as
well as in quantitative terms.

Nov 54

First supply catalogs are printed and
distributed.

Spring and Summer 52

Management Staff's feasibility study
of Offices of Finance and Logistics to
determine the applicability of being
maintained for OL and OF is prepared.
Despite OL reservations, Management
Staff's recommendation to procure
RCA 501 computer system is approved
and a task force is assigned to work
with OL to implement system.

1958-60

Type II Financial Property Accounting
(FPA) system is instituted to replace
Detached Station Supply Procedure.

Apr 58



25X1

SECRET

Late 1958-early 59

A mail-order business is set up so [] can fill small, individual requests for materiel of an expendable nature required in support of an overseas station and having a critical deadline.

25X1

Late 60

RCA 501 computer system is implemented to replace punch-card EAM system for greater efficiency in supply operation.

Spring 60

Self-service supply system is introduced to outlying buildings in Headquarters area.

Oct 62

[]

25X1

16 Dec 64

[]

25X

? -1965

Central Control and Distribution Branch of Supply Division is established as a single unit for the receipt, registration, scheduling, control, and expediting of customer requisitions to the Office of Logistics. It is also made the reception point for all incoming OL cable and dispatch traffic related to materiel support.

Apr 65

Type III property procedures are spelled out in [] providing a simplified system of property accounta -

25X1

25X

Dec 66

[REDACTED]

25X1

25X1A

[REDACTED]

Early 67

[REDACTED]

25X

functions formerly handled by [REDACTED]

25X1

[REDACTED] Service is broadened
to include Latin American stations.

25X1

Spring 70

[REDACTED]

25X1A

1 Jul 70

The level of expendability is increased
from \$50 to \$200. This measure re-
duces recordkeeping and documentation
significantly and satisfies the legal
requirements for property accounting.

25X1A

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

Next 6 Page(s) In Document Exempt

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

SECRET

Appendix H

INTRODUCTION TO THE SUPPLY CATALOG

PURPOSE

This publication outlines the principal features and concepts of the Federal Cataloging Programs as adopted by this Activity. It also states policy and management techniques regarding the supply system.

BACKGROUND

Public Laws 152 and 436 directed all Military and Civil Agencies to "provide for an economical, efficient supply management organization through the establishment of a single cataloging system, the standardization of supplies, and the more efficient use of supply testing, inspection, packaging, and acceptance facilities and services".

This Activity plays a minor role in developing this single system but has the advantages of the improvements made by others. By tailoring our system to conform to the Federal Cataloging Program we are assured the savings resulting from Government wide purchasing, standardization, and supply management.

DEFINITION

A catalog means many different things to different people:

- a. To the man on the street a catalog means Sears Roebuck or Montgomery Ward, a price list of products for sale.
- b. To the librarian, it is an index to books and publications.
- c. To the college or university a catalog is the official publication of faculty and courses of study.
- d. To the head of a business organization, it is one of the essential tools with which he can effectively and efficiently manage his business.

AIMS AND OBJECTIVES

The objective of the Federal Cataloging Program is to produce a "common language of supply" having:

- a. One Name
- b. One Description
- c. One Classification
- d. One Stock Number for One Item

SECRET

A "common language of supply" in turn facilitates:

- a. Discovery and Consolidation of Duplicate Items
- b. Interchange of Supplies
- c. Standardization
- d. Reduction of Inventories
- e. Reduction of Storage Space
- f. Reduction of Recordkeeping

MODERN CATALOGING

Becoming more specific, we see that "Modern Cataloging" changes some of the old concepts of:

- a. Classification
- b. Stock Numbering
- c. Identification

In the past, each service developed and utilized its own classification, stock numbering, and identification policies and format. The resultant inconsistencies and differences have been eliminated, to a great extent, by the Federal Cataloging "common language of supply".

In covering this "common language of supply", we will touch briefly on the following:

- a. Federal Supply Classification System and Codes
- b. Federal Stock Numbers
- c. Local and Interim Stock Numbers which apply only to this Activity

FEDERAL SUPPLY CLASSIFICATION

The Federal Supply Classification is a commodity classification designed to serve the functions of supply and is sufficiently comprehensive in scope to permit the classification of all items of personal property. In order to accomplish this, groups and classes have been established for the universe of commodities, with emphasis on the items known to be in the supply systems of the Federal Government.

SECRET

FEDERAL STOCK NUMBER

A Federal Stock Number consists of an eleven digit number, the first four of which denote the Federal Supply Group and Class. The remaining seven digits are commonly referred to as the FIIN; the term FIIN being the abbreviation of Federal Item Identification Number. The FIIN is serially assigned as items are identified. Thus the FIIN is assigned to identify one item of supply, and no other item will be assigned this same FIIN.

However, the FIIN is not used alone in supply and merely constitutes the seven digit stem of the Federal Stock Number to which the Federal Supply Classification code is prefixed. As far as supply in the field is concerned, the FIIN alone is practically a valueless number; therefore, the term will seldom, if ever, be used in cataloging publications, records, inventory reporting, or for that matter in any normal supply operations.

Instead, we will use the complete Federal Stock Numbers to represent items of supply.

NOTE: Federal Stock Numbers are assigned by the Department of Defense (Defense Logistics Services Center). The Federal Stock Number is used by all Military and Civil Agencies.

INTERIM STOCK NUMBER

An Interim Stock Number is a stock number assigned by Headquarters to items of supply only after it has been determined that a Federal Stock Number is not available for the item at the time it is processed, or for items that are peculiar to this activity. The Interim Stock Number is generally temporary in nature and normally will be converted to a Federal Stock Number. Items peculiar to this Activity will not be processed in the Federal Cataloging Program and will remain under the assigned Interim Stock Number.

Headquarters uses two types of Interim Stock Numbers: (1) the six digit stem is assigned one time, and (2) the six digit stem is assigned possibly once in every Federal Group.

Interim Stock Numbers in the series H00 through H09 have the six digit stem assigned one time as does the Federal Stock Number. This series of numbers is used when assigning Interim Stock Numbers to items that must be ordered before a Federal Stock Number is available. This series is also used for items of a sensitive nature which were manufactured solely for this Activity. In the latter instance, these are not actually interim numbers, but are used to identify the item throughout its life in the supply system.

SECRET

SECRET

The structure of the Federal Supply Classification, as presently established, consists of 76 groups, which are subdivided into approximately 581 classes. Each class covers a relatively homogeneous area of commodities, in respect to their physical or performing characteristics, or in the respect that the items included therein are such as are usually requisitioned or issued together.

The Federal Supply Classification utilizes a four-digit coding structure. The first two digits of the code number identify the group, and the last two digits of the code number identify the classes within each group. Code numbers are so assigned as to make it possible to expand the number of groups and classes as that becomes necessary. In most instances gaps have been left within each group, between the numbers assigned to adjacent classes, to permit the insertion of new classes in logical sequence, when necessary, because of technological advances or to accomplish other desirable additions and changes. These Classification Codes are identified on pages 17 through 34 of this publication, in numeric sequence. Beginning on page 35 these same classifications are arranged in alphabetical sequence.

TYPES OF STOCK NUMBERS

The primary application of the Federal Supply Classification code number is in the Federal Stock Number. The Federal Stock Number for an item of supply consists of the applicable four-digit Federal Supply Classification code number plus the seven-digit Federal Item Identification Number.

Knowing what a Federal Stock Number is, the question arises, "Is this the only kind of stock number we will use for our items of supply?". There are four basic kinds of stock numbers (in Federal format) that apply. These are:

- a. THE FEDERAL STOCK NUMBER, such as, 5820-249-6590
(All digits; no letters are used)
- b. THE INTERIM STOCK NUMBER, such as, 5820-H03-3579
5820-H99-0239
(Digits and letter, letter representing
a Headquarters assigned number)
- c. THE LOCAL STOCK NUMBER, such as, 5820-L44-0004
5820-L77-0023
(Digits and letter, letter representing
a Field assigned number)
- d. THE "WASH" STOCK NUMBER, such as, 5905-W00-0001
1005-W00-1234
(Digits and letter, letter representing
a Headquarters assigned number for one-
time use)

SECRET

SECRET

Interim Stock Numbers in the H99 series can have the six digit stem assigned once in every Federal Group (possibly 76 times). This series of numbers is used when assigning Interim Stock Numbers to items that are nonexpendable, non-standard to this Activity and that accountability will be maintained by Headquarters Property-In-Use accounts. It can readily be seen that the Federal Supply Class (first four digits) cannot be changed on this type number; therefore, to move an item into a different class would automatically cancel the original stock number and necessitate assignment of a new Interim Stock Number. This type of stock number will not appear in the Supply Catalog.

LOCAL STOCK NUMBERS

Local Stock Numbers are assigned by Field Units usually for locally procured items that cannot be identified by a Federal or Interim Stock Number. These numbers are required when the item is to be carried in on hand or in use inventories. It is necessary that the Federal Supply Classification Code be correct, and this code can be found in the Alphabetical Index to Federal Supply Classification Codes of this publication.

WASH STOCK NUMBERS

Wash Stock Numbers are assigned by Headquarters for non-standard items which cannot be identified by a Federal or Interim Stock Number. These numbers are for one time computer use and allows financial data to be retrieved from historical data. These numbers are of no value to requisitioners for reorder purposes except in certain specified instances.

SECRET

25X1A

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

Next 4 Page(s) In Document Exempt

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

Secret

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2

CIA Internal Use Only

Access Controlled by DDS

Secret

Approved For Release 2005/08/16 : CIA-RDP93-00939R000100130001-2